



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P.O. BOX 3265, HARRISBURG, PA 17105-3265

IN REPLY PLEASE
REFER TO OUR FILE

August 3, 1998

DOCKET FILE COPY ORIGINAL

Magalie Roman Salas, Secretary
Office of the Secretary
Federal Communications Commission
Washington, D.C. 20554

AUG - 3 1998

RE: CC Docket No. 96-45 ✓
CC Docket No. 97-21

Dear Ms. Salas:

Enclosed herewith, please find the original and nine (9) copies of the Comment on on behalf of the Pennsylvania Public Utility Commission. I have enclosed in addition, a copy of the comment on a read-only disc in WordPerfect 5.1 and an additional copy to be time-stamped.

Sincerely yours,

David E. Screven
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Enclosures

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BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

In the Matter of)
Federal-State Joint Board on Universal Service) CC Docket No. 96-45
CC Docket No. 97-21)

COMMENT OF THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

I. INTRODUCTION

Pursuant to Public Notice DA 98-1336 released on July 15, 1998 (the July Notice), the Federal Communications Commission (FCC) solicits comment on the Administration of Federal Universal Service Support Mechanisms relative to the Schools and Libraries Corporation, the Rural Health Care Corporation, and the Universal Service Administrative Company (USAC). The FCC proposed to merge the Schools & Luncheon Corporation (SLC) and Rural Health Care Corporation (RHCC) into the USAC as the single entity responsible for administering the universal service support mechanisms for schools and libraries and rural health care providers by January 1, 1999.

1. The Pennsylvania Public Utility Commission (PaPUC) submits this Comment to the FCC. The PaPUC supports the organizational proposals based on the

PaPUC's belief that action is necessary to ensure the delivery of the universal service support envisioned under TA-96. The PaPUC comment is set forth in more detail below.

II. THE PENNSYLVANIA POSITION

2. *Administrative Structure.* The PaPUC believes that administrative efficiency and accountability will be enhanced by a "One Corporation - Three Divisions" approach as opposed to the earlier "Three Corporations - One Division" approach proposed earlier.

3. *CEO Selection Process.* The PaPUC endorses use of the SLC/RHCC CEO selection process whereby a combined USAC Board will submit a name to the FCC Chairman who then makes the final approval. However, the PaPUC suggests that the CEO choice should be referred to the five FCC Commissioners in order to ensure greater visibility, and accountability, in the selection process.

4. *Three RHCC Modifications on Representation, RHCC Authority, and RHCC Division Chief Employee Authority.* The PaPUC endorses the RHCC's proposal for expanded representation on the USAC Board. The PaPUC, as a rural state, is concerned that the interests of rural areas in the nation be adequately represented in USAC deliberations. The PaPUC takes no position on the RHCC proposal to not be

limited in their program decisions by a 2/3 vote of the USAC pending review of the comments of other parties. The PaPUC also takes no position on the RHCC Division Chief's authority to hire and fire staff, concomitant with that being proposed for the CEO, pending review of the comments of other interested parties.

5. *Compensation Limitations for USAC and NECA.* The PaPUC endorses compensation limitations for all USAC officers and employees. The PaPUC takes that position because of the volatile public controversy surrounding compensation levels under the prior corporate structure. The PaPUC believes that compensation limits at Level 1 of the Executive Schedule under Section 5312 of Title 5 could go a long way to restore and enhance USAC's credibility. Given NECA's longevity compared to USAC, the PaPUC reserves comment on compensation limitations for NECA officers and employees pending review of the comments of other interested parties.

6. *USAC's Divestiture from NECA.* The PaPUC endorses separation of USAC and National Exchange Carrier Association (NECA). The FCC proposed USAC, and the three resulting corporations, in large part in response to a perceived concern that NECA was not sufficiently independent of the existing national telecommunications structure to ensure the autonomous, and credible, distribution of universal service support. The

PaPUC endorses continuation of that approach until there is credible evidence of autonomy and independence to the contrary.

7. *FCC Oversight.* The PaPUC endorses the FCC's continued oversight over USAC. The PaPUC, however, reserves comment on the nature and extent of that oversight pending review of the comments of other interested parties.

8. The PaPUC thanks the FCC for providing the PaPUC with a meaningful opportunity to comment on this matter of important public interest.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "D.E. Screven", with a stylized circular flourish at the end.

David E. Screven
Assistant Counsel
Pennsylvania Public Utility Commission

Frank Wilmarth, Deputy Chief Counsel
Pennsylvania Public Utility Commission
Bohdan R. Pankiw, Chief Counsel
Pennsylvania Public Utility Commission


Dated: August 3, 1998

Before The
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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| In the Matter of |) | |
| |) | CC Docket No. 96-45 |
| Federal-State Joint Board on Universal Service |) | CC Docket No. 97-21 |
| |) | |

CERTIFICATE OF SERVICE

I, David E. Screven, hereby certify that I have on this 3d day of August served a true and correct copy of the Comment of the Pennsylvania Public Utility Commission (PaPUC) upon the persons and in the manner indicated below:



David E. Screven
Assistant Counsel

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